

## Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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DRAFTED BY EB/OA/AVP:JCOOK:JO

APPROVED BY EB/OA:MHSTYLES

EB/AVP - ORTMAN

CAB - ASWALL

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R 122340Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MADRID

AMCONSUL MONTREAL

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

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E.O. 11652: N/A

TAGS: EAIR, XG

SUBJECT: CIVAIR - CAB STATEMENT ON NORTH ATLANTIC FARES

REF : STATE 231214

1. THE CIVIL AERONAUTICS BOARD HAS WITHDRAWN ITS  
POLICY GUIDELINES FOR MINIMUM FARES ON NORTH ATLANTIC  
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CHARTER FLIGHTS. THE BOARD'S GUIDELINES RAN INTO

STIFF OPPOSITION FROM THE ADMINISTRATION AND CONCERNED CONSUMER GROUPS. THE DEPARTMENT OF JUSTICE ALLEGED THE BOARD ACTION WAS ILLEGAL AND HAD FILED SUIT IN A FEDERAL COURT TO BLOCK IMPLEMENTATION OF THE CAB POLICY. THE DEPARTMENT OF TRANSPORTATION WITHDREW ITS EARLIER SUPPORT FOR THE MINIMUM FARES. ALSO, THERE WAS CONSIDERABLE OPPOSITION IN CONGRESS TO THE BOARD'S PROPOSED MINIMUM CHARTER RATES. MOREOVER, THE SCHEDULED CARRIERS (PAA AND TWA) ARGUED THAT THE STRUCTURE OF THE BOARD'S PROPOSED MINIMUM FARES FAVORED THE NONSCHEDULED CARRIERS WHICH OPERATE "STRETCHED" AIRCRAFT AND WOULD UNDER THE GUIDELINES HAVE BEEN ABLE TO CHARGE A MORE COMPETITIVE FARE ON THEIR CHARTER FLIGHTS. UNDER THESE CIRCUMSTANCES, THE BOARD HAD LITTLE CHOICE BUT TO WITHDRAW ITS PROPOSED CHARTER PRICE GUIDELINES.

2. THE BOARD'S ACTION DOES NOT MEAN HOWEVER, THAT THE BOARD LACKS AUTHORITY TO REJECT ANY CHARTER PRICES

IT BELIEVES ARE UNECONOMIC. THE BOARD INDICATED THAT THIS MATTER OF THE GUIDELINES "WARRANTS FURTHER CONSIDERATION" AND ASKED FOR COMMENTS FROM CONCERNED GROUPS OR INDIVIDUALS BY FEB 26 ON WHAT STEPS IT SHOULD TAKE.

3. WITH RESPECT TO THE POSSIBLE EFFECT OF THE BOARD'S DECISION ON THE RECENT IATA FARE PACKAGE, SOURCES AT THE BOARD INDICATED THAT THE IATA PACKAGE, UNLIKE THE FARES SUBMITTED LAST FALL, IS NOT CONDITIONED ON THE DEVELOPMENT OF A CHARTER FLOOR. IN ADDITION, WHEN THE CARRIERS PRESENTED THE LATEST PACKAGE, THE 1975 CHARTER SEASON HAD ALREADY BEEN MOSTLY SOLD AT UNREGULATED FARES. FOR THIS REASON, THE BOARD STATED THAT TO PRESS FORWARD NOW WITH THE MINIMUM FARES WOULD HAVE "DISRUPTIVE CONSEQUENCES" AND WOULD NOT BE IN THE PUBLIC INTEREST. FOR THESE REASONS, IT IS NOT GENERALLY BELIEVED HERE THAT IATA AGREEMENT WILL BE JEOPARDIZED BY CAB'S DECISION TO REMOVE GUIDELINES. INGERSOLL  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CIVIL AVIATION, AIR FARES, SUPPLEMENTAL AIRLINES  
**Control Number:** n/a  
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**Draft Date:** 12 FEB 1975  
**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Status:** NATIVE  
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**TAGS:** EAIR, XG  
**To:** BERN MULTIPLE  
**Type:** TE  
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